

## Message Text

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42

ACTION ARA-17

INFO OCT-01 ADP-00 AID-20 EB-11 NSC-10 RSC-01 CIEP-02

TRSE-00 SS-15 STR-08 OMB-01 CEA-02 SSO-00 NSCE-00

USIE-00 INRE-00 CIAE-00 INR-10 NSAE-00 PRS-01 PA-03

L-03 H-02 COME-00 FRB-02 XMB-07 OPIC-12 LAB-06 SIL-01

EUR-25 PM-07 RSR-01 /168 W  
----- 026991

O 241553 Z MAY 73

FM AMEMBASSY BRIDGETOWN

TO SECSTATE WASHDC IMMEDIATE 5755

INFO AMEMBASSY CARACAS IMMEDIATE

AMEMBASSY GEORGETOWN IMMEDIATE

AMEMBASSY KINGSTON IMMEDIATE

AMEMBASSY PORT OF SPAIN IMMEDIATE

AMCONSUL BELIZE

NASSAU (POUCH)

UNCLAS SECTION 1 OF 2 BRIDGETOWN 0734

E. O. 11652: N/A

TAGS: EAID XL

SUBJ: USG/ AID LOAN TO CDB SIGNED

1. THERE FOLLOW REMARKS MADE BY BOTH AMBASSADOR AND SIR ARTHUR LEWIS, CDB PRESIDENT, AT 10:00 MAY 24 DURING SIGNING OF THIRD AID LOAN TO CDB. TEXTS ARE TRANSMITTED WITH HOPE THAT DEPARTMENT, AID/ W, USIA, PAO'S AND POSSIBLY SECRETARY DURING HIS VISIT TO JAMAICA MIGHT FIND THESE REMARKS USEFUL.

2. TEXT OF AMBASSADOR'S REMARKS:

" SIR ARTHUR AND FRIENDS, -

" IT GIVES ME EXTREMELY GREAT PLEASURE TO COME FOR THE THIRD TIME TO THE HEADQUARTERS OF THE CARIBBEAN DEVELOPMENT BANK  
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TO ATTACH MY SIGNATURE ON BEHALF OF THE UNITED STATES GOVERNMENT TO A DOCUMENT WHICH REPRESENTS A SUBSTANTIAL VOTE OF CONFIDENCE ON OUR PART IN THE BANK'S OPERATIONS DESIGNED TO ASSIST THE DEVELOPMENT OF THE MEMBER COUNTRIES IN THE WEST INDIES. THE FIRST LOAN AGREEMENT WAS SIGNED IN DECEMBER 1970 IN THE AMOUNT OF 10 MILLION U. S. DOLLARS. THE SECOND OCCASION WAS IN NOVEMBER 1972 IN THE AMOUNT OF 10 MILLION U. S. DOLLARS SPECIFICALLY TO PROVIDE ASSISTANCE IN THE FIELD OF LOW COST HOUSING. TODAY'S AGREEMENT PROVIDES FOR A THIRD LOAN, THIS TIME OF 12 MILLION U. S. DOLLARS TO BE USED FOR THE DEVELOPMENT LENDING PROJECTS UNDER THE PROVISIONS OF ITS SPECIAL DEVELOPMENT FUND (I.E. SOFT LOANS) - BRINGING THE TOTAL TO DOLS 32 MILLIONS U. S. DOLLARS. THE LOAN IS FOR A 40- YEAR PERIOD AT 2 PERCENT INTEREST FOR THE FIRST 10 YEARS AND 3 PERCENT THEREAFTER.

" ANYONE WHO WAS PRESENT AT THE THIRD ANNUAL MEETING OF THE BANK'S BOARD OF GOVERNORS IN JAMAICA LAST MONTH, OR HAS READ THE BANK'S ANNUAL REPORT FOR 1972, OR WHO HAS HEARD OR READ THE REMARKS OF THE PRESIDENT AND OTHER SPEAKERS AT THAT MEETING, COULD NOT FAIL TO BE PROUD OF THE ACCOMPLISHMENTS OF THE BANK WHICH IN SO FEW YEARS HAS BECOME AN INTERNATIONALLY RESPECTED INSTITUTION, WHICH HAS DONE, IS DOING AND WILL CONTINUE TO DO SO MUCH TO ASSIST IN FINANCING SO MANY SOCIAL AND ECONOMIC DEVELOPMENT PROGRAMS. IT IS AN INSTITUTION WHICH IS DEFINITELY A KEYSTONE IN THE ARCH OF THE FUTURE, OPERATED BY, AND FOR THE BENEFIT OF THE CARIBBEAN PEOPLE.

" PERSONALLY I AM ESPECIALLY INTERESTED AND PROUD OF THE PROGRESS THAT THE BANK HAS MADE SINCE I WELL REMEMBER A FAMOUS DAY IN A FAMOUS MONTH, NOVEMBER 1966, WHEN THERE WAS A MEETING IN ANTIGUA TO SEE WHAT COULD BE DONE TO IMPLEMENT THE RECOMMENDATIONS OF THE " TRIPARTITE ECONOMIC SURVEY OF BARBADOS AND THE WINDWARD AND LEEWARD ISLANDS," AS THAT U. S., U. K., AND CANADIAN STUDY WAS CALLED. AS AN OUTCOME OF THAT MEETING IT WAS DECIDED TO ESTABLISH A CARIBBEAN DEVELOPMENT BANK. THE UNITED STATES DELEGATION TO THE ANTIGUA MEETING WAS HEADED BY DR. LINCOLN GORDON, WHO WAS THEN ASSISTANT SECRETARY OF STATE FOR INTER- AMERICAN AFFAIRS, AND LATER PRESIDENT OF JOHNS HOPKINS UNIVERSITY. DR. GORDON PROMISED UNITED STATES SUPPORT FOR THE BANK EVEN THOUGH A PESSIMISTIC UNCLASSIFIED

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LEADER OF ONE OF THE CARIBBEAN ISLANDS BET HIM A DINNER, - THE BET TO BE PAID IN THREE YEARS TIME, - THAT THE PROPOSED BANK WOULD NEVER GET STARTED. I DON'T KNOW WHETHER THIS BET HAS EVER BEEN PAID OFF, BUT I DO KNOW THAT, AS THE UNITED STATES CONTRIBUTION HAS NOW RISEN TO 32 MILLION U. S. DOLLARS THAT WE HAVE KEPT OUR PROMISE, - HAVING CONTRIBUTED MORE THAN ANY OTHER DONOR COUNTRY.

" DR. GORDON THOUGHT AT THAT TIME, AND SO DID I, THAT THE UNITED STATES GOVERNMENT WOULD ACTUALLY JOIN THE BANK, - I. E., - BECOME A NON- REGIONAL MEMBER TOGETHER WITH THE U. K. AND CANADA, BUT CERTAIN TECHNICALITIES IN THE LEGISLATIVE SIDE OF OUR GOVERNMENT MILITATED AGAINST OUR ACTUALLY JOINING YET ANOTHER BANK - WHICH WOULD REQUIRE AN ACT OF CONGRESS. WE HAVE BEEN ABLE TO ASSIST JUST AS MUCH, HOWEVER, THROUGH THE UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT ( SOME- TIMES CALLED (" A. I. D.") FUNDS. SO ALTHOUGH THE UNITED STATES GOVERNMENT IS NOT OFFICIALLY A " MEMBER" OF THE BANK, WE AMERICANS CAN AND ARE PARTICIPATING WHILE LEAVING ALL THE TOUGH DECISIONS TO THE BANK FOR SIR ARTHUR LEWIS TO GET THE CREDIT, - OR THE BLAME AS THE CASE MAY BE.

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70-40  
ACTION ARA-17

INFO OCT-01 ADP-00 AID-20 EB-11 NSC-10 RSC-01 CIEP-02

TRSE-00 SS-15 STR-08 OMB-01 CEA-02 SSO-00 NSCE-00

USIE-00 INRE-00 CIAE-00 INR-10 NSAE-00 PRS-01 PA-03

L-03 H-02 COME-00 FRB-02 XMB-07 OPIC-12 LAB-06 SIL-01

EUR-25 PM-07 RSR-01 /168 W  
----- 027204

O 241554 Z MAY 73  
FM AMEMBASSY BRIDGETOWN  
TO SECSTATE WASHDC IMMEDIATE 5756  
INFO AMEMBASSY CARACAS IMMEDIATE  
AMEMBASSY GEORGETOWN IMMEDIATE  
AMEMBASSY KINGSTON IMMEDIATE  
AMEMBASSY PORT OF SPAIN IMMEDIATE  
AMCONSUL BELIZE  
NASSAU ( POUCH)

UNCLAS SECTION 2 OF 2 BRIDGETOWN 0734

E. O. 11652: N/ A  
TAGS: EAID XL  
SUBJ: USG/ AID LOAN TO BE SIGNED

AND THE BANK

ALWAYS INVITES ME, AND OTHER UNITED STATES GOVERNMENT OFFICIALS TO BE PRESENT AS " OBSERVERS" AT THEIR ANNUAL BOARD OF GOVERNORS' MEETING, AND I HOPE THEY ALWAYS WILL. WE LIKE TO WATCH PROGRESS."

3. TEXT OF SIR ARTHUR LEWIS' REMARKS:

" MADAM AMBASSADOR,

" I AM GLAD TO HAVE THIS OPPORTUNITY OF RECORDING THE THANKS BOTH OF THE BANK AND OF THE PEOPLES OF THE WEST INDIES WHO  
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WILL BENEFIT FROM THIS SOFT LOAN. PLEASE CONVEY OUR APPRECIATION TO YOUR GOVERNMENT AND TO THE PEOPLE OF THE UNITED STATES. THIS BRINGS THE TOTAL OF YOUR SOFT LENDING TO OUR BANK TO US DOLS 32 MILLION OVER TWO AND A HALF YEARS, AND MAKES THE UNITED STATES FAR AND AWAY THE LARGEST CONTRIBUTOR TO OUR FUNDS.

" SINCE THE BEST WAY TO SHOW OUR APPRECIATION IS TO USE THE MONEY WELL, LET ME TAKE JUST A MOMENT TO SAY WHAT WE USE IT FOR. LIKE ALL DEVELOPMENT BANKS WE SPEND MONEY ON INFRASTRUCTURE, SUCH AS ROADS, ELECTRICITY, AND PORTS. OUR BANK ALSO HAS A SPECIAL INTEREST IN THE PRODUCTIVE SECTOR OF THE ECONOMY, AND IS LENDING TO THE PRIVATE SECTOR FOR AGRICULTURAL DEVELOPMENT, MANUFACTURING INDUSTRY AND HOTELS. HOWEVER, WHEN THE LAST MISSION FROM THE U. S. GOVERNMENT CAME TO NEGOTIATE WITH US, THEY WERE PARTICULARLY INSISTENT THAT THEY WANTED TO KNOW WHAT OUR BANK DOES DIRECTLY TO HELP THE POOR, SINCE THIS IS NOW ONE OF THE SPECIAL CONCERNS OF THE U. S. A. I. D. THIS IS WHAT WE TOLD THEM:

" WE HELP SMALL PEOPLE IN FOUR WAYS.

" FIRST, WE LEND MONEY DIRECTLY TO SMALL ENTREPRENEURS, ESPECIALLY SMALL FARMERS, OPERATORS OF SMALL WORKSHOPS AND FACTORIES, AND GUEST HOUSES. THESE LOANS WE MAKE AT LOW INTEREST RATES THROUGH THE GOVERNMENTS' CREDIT INSTITUTIONS. WE ALSO SUPPLY A CONSIDERABLE AMOUNT OF TECHNICAL ASSISTANCE

WITH EACH LOAN, SINCE EACH FARMER OR OPERATOR IS DIRECTLY ADVISED BY ONE OF OUR PROFESSIONAL STAFF MEMBERS ON HIS EXPENDITURE PLAN. THIS IS VERY EXPENSIVE WORK, OF WHICH OUR BANK MEETS THE FULL COST.

" SECONDLY,  
SOME OF OUR EXPENDITURES ON INFRASTRUCTURE IS SPECIAL FOR THE BENEFIT OF THE SMALL OPERATOR. THIS APPLIES TO OUR LAND SETTLEMENT SCHEMES, WHICH PREPARE LAND

FOR SETTling PEOPLE ON ABOUT 20 ACRES; ALSO TO OUR FEEDER  
ROADS, WHICH GO INTO DISTRICTS POPULATED ALMOST EXCLUSIVELY  
BY SMALL FARMERS; TO OUR LOANS TO AGRICULTURAL MARKETING  
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BOARDS, WHICH HANDLE MAINLY THE PRODUCE OF SMALL FOOD FARMERS;  
AND TO THE LOANS WE HAVE MADE TO GOVERNMENTS TO BUILD INDUSTRIAL  
ESTATES FOR SMALL WORKSHOPS ONLY.

" THIRDLy, WE ASSIST THE POOR AS CONSUMERS. OUR PROGRAMME  
FOR BUILDING WORKING CLASS HOUSES FOR SALE ON HIRE PURCHASE  
TERMS IS CONFINED TO PERSONS EARNING LESS THAN US DOLS 25  
PER WEEK. ALSO OUR LOANS FOR WATER SUPPLIES AND FOR ELECTRICITY  
BENEFIT ESPECIALLY THE SMALLER CONSUMERS, BY EXTENSIONS INTO  
THE VILLAGES AND POORER URBAN COMMUNITIES. ( THE WELL- TO- DO  
ALREADY GET ALL THE WATER AND ELECTRIC POWER THAT THEY WANT.)

" MADAM AMBASSADOR, YOU MUST NOT THINK THAT I AM TRYING TO  
PERSUADE YOU THAT ALL OUR MONEY GOES DIRECTLY TO THE POOR.  
THIS WOULD BE FOLLISH ON OUR PART, SINCE THE BEST WAY TO  
HELP THE POOR

IN THE WEST INDIES IS TO PROVIDE A LOT MORE  
JOBS AT GOOD WAGES. SO THE EMPHASIS OF OUR BANK IS ON  
TRYING TO BUILD UP THE PRODUCTIVE SECTOR: THIS IS THE FOURTH  
WAY THAT WE HELP THE POOR. WE LEND A LOT OF MONEY TO LARGE  
ENTERPRISES WHICH WILL CREATE NEW JOBS, BUT ALL THIS COMES  
FROM OUR HARD RESOURCES ON ORDINARY COMMERCIAL TERMS. WE  
DO NOT LEND SOFT MONEY TO LARGE ENTERPRISES. OUR SOFT MONEY  
GOES ONLY TO INFRASTRUCTURE AND TO THE PROGRAMMES I HAVE LISTED  
ABOVE, WHICH ARE SPECIALLY DESIGNED TO HELP POOR PEOPLE  
DIRECTLY.

" I HAVE TAKEN TIME TO ELABORATE THIS POINT BECAUSE I WAS  
TOUCHED BY THE CONCERN OF YOUR GOVERNMENT TO KNOW WHAT OUR  
BANK WAS DOING FOR THE POOR. THE UNITED STATES HAS A LOT  
OF POOR PEOPLE TOO; YOU COULD KEEP THIS MONEY AT HOME AND  
SPEND IT ON THEM; SO YOU ARE RIGHT TO BE CONCERNED THAT  
AS FAR AS POSSIBLE YOUR SOFT LOANS TO US SHOULD BENEFIT  
OUR POOR. THIS IS A CONCERN WHICH WE DEEPLY SHARE, SO I  
AM HAPPY TO GIVE YOU THE ASSURANCE THAT OUR POOR ARE BENE-  
FITTING SIGNIFICANTLY FROM YOUR CONTRIBUTION TO OUR FUNDS.

" YOUR VISITS TO OUR BANK, MADAM AMBASSADOR, ALWAYS MOVE ME  
TO POETRY:

" ' SHALL I COMPARE THEE TO A SUMMER' S DAY?' WE ARE ALWAYS  
DELIGHTED TO SEE YOU HERE, WITH OR WITHOUT YOUR CHEQUE  
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BOOK".

4. ORIGINAL AND 1 COPY OF LOAN DOCUMENT POUCHED LA/ GC.  
DONOVAN

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\*\*\* Current Handling Restrictions \*\*\* n/a

\*\*\* Current Classification \*\*\* UNCLASSIFIED

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 24 MAY 1973  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** n/a  
**Errors:** n/a  
**Film Number:** n/a  
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**Handling Restrictions:** n/a  
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**Legacy Key:** link1973/newtext/t19730554/aaaajubp.tel  
**Line Count:** 283  
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**Office:** ACTION ARA  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 6  
**Previous Channel Indicators:**  
**Previous Classification:** n/a  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** martinjw  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 28 SEP 2001  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <28-Sep-2001 by kuehnbc0>; APPROVED <19 FEB 2002 by martinjw>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** <DBA CORRECTED> mcm 980305  
**Subject:** USG/ AID LOAN TO CDB SIGNED  
**TAGS:** EAID, XL  
**To:** ARA  
BELIZE  
CARACAS  
GEORGETOWN  
KINGSTON  
NASSAU  
PORT OF SPAIN

SECSTATE WASHDC

**Type:** TE

**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005